

# TIPS FOR SURVIVING FINANCIAL UNCERTAINTY FAST

▶ WRITTEN BY: KELLEY KEEHN



These are incredibly unprecedented and unsettling times. According to a recent Angus Reid survey, 27% of residents are reporting that they are barely keeping their heads above water financially, while just 12% of Canadians say they are in great shape to endure a long economic downturn. Nearly 87% say on the economic front, the worst is yet to come.

You, your family and your business are likely also facing a number of financial challenges related to the impact of COVID-19. Here's answers to some of the pressing questions that might be on your mind right now.

## HOW DO I SURVIVE THIS PANDEMIC?

### DEFERRAL OF DEBTS

The big six banks announced a few weeks ago that they would work with Canadians that need financial support to defer their mortgages up to six months. This is not a forgiveness of any of your debt and keep in mind that this offering is on a case-by-case basis. You may also be able to defer your loan, line of credit, or credit card, but be sure to contact your bank well in advance of needing the deferrals. There's long wait times on the phone, and if you elect for your bank to call you back (you can do this online or your bank's app), it may take up to a week for them to contact you. Make sure you get all deferral agreements in writing or, log the details yourself. Then, check your credit report in the coming weeks to make sure your arrangement was registered as a deferral, not a default. The big six banks also temporarily reduced their credit card interest rates to under 11%, so if you need financial assistance, be sure to ask for a reduction in your rate.

### SKIP A PAYMENT OPTION

If you're a homeowner and you have a mortgage with one of the big six banks, you likely can skip one mortgage payment per year without penalty (as long as your mortgage isn't in arrears). This could free up some much-needed cash now. You can elect this option online or within your bank's app. But as with debt deferrals, this option may take up to 5 days to process or more. So, if your payment is coming due beforehand, do everything you can to not miss your regularly scheduled payment or you may be subject to hefty NSF fees.

### TAXES

If you or your spouse are expecting a refund, ensure to file your taxes right away as opposed to waiting until the June 1st deadline. As well, if either of you haven't filed recently, you'll be missing out on GST and the increased Canada child benefit.

### GET CREATIVE

Are you a fan of credit card rewards points? Did you know you can use those points, with many banks, to actually pay back some of what's owing on your credit card.

### LAST RESORTS

Don't cash in your RRSP or rely on a Pay Day loan, unless it's your absolute resort. Using your RRSP funds for emergency cash forces you to lose the room you cash in, you are taxed when you take it out (withholding tax), you may pay more in tax when you file next year, and, if your investments are down, you'll crystalize that loss.

## HOW DO I KEEP MY BUSINESS AFLOAT?

- Defer paying your income tax until September 1st, 2020.
- Elect to defer filing your taxes until June 1st, 2020.
- You can defer any GST/HST until the end of June 2020.
- Tap into the newly announced Canada Emergency Business Account (if you qualify).
- Talk to your bank to see if you qualify for the \$40,000 business loan being backed by the government of Canada.
- Take advantage of the wage subsidy program if your business qualifies.

## WHAT WILL I NEED TO DO TO GET BACK ON TRACK?

It may not feel like it right now, but this crisis will end. And when it does, you may need a little extra help to get back on track.

Consider reaching out to a non-profit credit counsellor now if you aren't comfortable calling up your creditors yourself. They can also help you put back the pieces of your financial life and design a plan for you to dig out of the aftermath.

Reach out now to a professional financial planner to see if there's any options you haven't considered. After the crisis passes, a Certified Financial Planner or Qualified Associate Financial Planner can help you adjust your retirement plan and make changes to your investments if needed.

Lastly, check your credit report often. Make sure that any agreements to defer your debts weren't registered as a default. If your credit score took a beating, don't despair. With regular good habits again, when it's smoother sailing, you can get your score back up, albeit slowly, with positive actions.

Kelley is an award-winning and best-selling author of ten books on personal finance and fraud protection. She spent 12 years as a financial professional and for the past 15, has been on a mission for Canadians to Feel Good About Money as a personal finance educator. She currently travels across the country speaking to some of Canada's largest corporations. She has made thousands of radio and TV appearances around the globe, and is the finance educator for the MARILYN DENIS SHOW. She was a regular contributor for CNBC in New York, a nationally syndicated columnist with CBC Radio, and host of BURN MY MORTGAGE. Kelley has also written many columns and published articles as a weekly columnist for The Globe and Mail, Tangerine Bank, and Meridian Credit. She's also been quoted in O, The Oprah Magazine.

